

MAS Consultation Paper on Third-Party Risk Management: Key Compliance Implications for Singapore Financial Institutions



Nithi Genesan

March 9, 2026

On 6 March 2026, the Monetary Authority of Singapore (MAS) issued a consultation paper setting out proposed Guidelines on Third-Party Risk Management (TPRM), signalling a broader and more integrated approach to managing third-party risk across Singapore financial institutions.

What MAS's Proposed Third-Party Risk Management Guidelines Mean for Financial Institutions

The proposed TPRM Guidelines reflect MAS's recognition that third-party dependence now extends well beyond traditional outsourcing arrangements. In many firms, critical services are delivered through a network of external providers, sub contractors, cloud platforms, technology vendors and other service partners. As a result, third-party risk is no longer a standalone procurement or outsourcing issue – it is an operational risk, governance, and resilience issue.

MAS has proposed that the Guidelines take effect six months after publication of the finalised framework, following the industry consultation and feedback process.

Why MAS' Proposed TRM Framework Matters

The proposed TRM Guidelines are significant because they broaden the regulatory lens beyond conventional outsourcing. MAS is effectively signalling that firms should assess all third-party arrangements through a more structured risk management lens, regardless of whether the relationship is classified as outsourcing.

That shift matters because many firms have historically managed vendor relationships in silos. Legal may own contracts, procurement may manage onboarding, operations may handle service issues. Under the proposed Guidelines, that fragmented approach is unlikely to be sufficient. MAS is looking for a more coherent model that links governance, risk assessment, due diligence, monitoring and concentration risk.

The consultation therefore gives firms an opportunity to step back and ask whether their current arrangements are genuinely resilience, proportionate, and measurable, or simply documented.

Key Features of the Proposed MAS TPRM Guidelines

The proposed framework introduces several important changes that Singapore financial institutions should consider as part of their regulatory readiness planning:

- Broader Scope Beyond Outsourcing – TPRM will apply to all third-party arrangements, extending beyond traditional outsourcing arrangements.
- Formal TPRM Framework – FIs are expected to establish a structured and comprehensive TPRM framework, aligned with their overall operational risk management framework.
- Register of Third-Party Arrangements – MAS expects firms to maintain an up-to-date register of third-party arrangements, with periodic submission to MAS. For many organisations, this will require stronger inventory controls and clearer ownership over what qualifies as a reportable arrangement.
- Board and Senior Management Oversight – The Board is expected to approve the TPRM strategy and risk appetite, and exercise active oversight of third-party risks.
- Lifecycle-Based Risk Management – A full lifecycle approach is required, covering risk assessment, due diligence, contracting, ongoing monitoring, and termination.
- Enhanced Due Diligence and Monitoring – FIs are expected to perform robust due diligence, including periodic reassessments and risk-based audits of service providers.
- Concentration and Dependency – Greater focus on identifying and managing concentration risks, including reliance on key providers and geographic exposure.
- Oversight of Sub-contractors – Proposed framework also extends to material sub-contractors. Firms may need greater transparency into downstream dependencies and, where feasible, prior notification where subcontracting arrangements may materially affect service delivery or risk exposure.
- Exit Planning and Termination Readiness – FIs must maintain exit strategies and contingency plans to ensure operational resilience in the event of service disruption or termination.

Key Observations and Practical Implications for Firms

The proposed TPRM Guidelines represent a significant development in MAS's regulatory expectations. Rather than focusing narrowly on outsourcing, the framework adopts a broader, enterprise-wide view of third-party risk. This means firms will need to assess a wider population of service providers, ensure clearer accountability at Board and senior management level, and evidence a more structured lifecycle approach to third-party oversight.

Priority Area	What MAS is expecting	Practical actions for firms
Third-party inventory	Firms should have a complete, current view of all material third-party arrangements, not just traditional outsourcing arrangements	Run a gap analysis of all vendors, classify them by criticality, and ensure ownership for ongoing review
Due diligence and monitoring	Oversight should be risk-based and proportionate to the importance of the service providers	Use tiered due diligence and monitoring so critical vendors receive deeper review
Contractual and protections	Contracts and service level agreements should give the firm visibility and control over key risks	Maintain tested exit plans and contingency scenarios for important providers, especially those supporting critical operations
Exit readiness	Firms should be able to exit or replace a critical provider without major disruption	Maintain tested exit plans and contingency scenarios for important providers, especially those supporting critical operations

Priority Area	What MAS is expecting	Practical actions for firms
Governance and reporting	Third-party risks should be actively overseen by management and board-level governance	Report critical dependencies, incidents, emerging issues, and remediation actions through regular governance forums
Proportionality for smaller firms	Smaller firms are not exempt; they need a scaled, right-sized framework	Keep the framework lean: one central register, risk ratings, standard checklists, simple monitoring, and a basic exit plan

How Waystone Can Help

Waystone supports financial institutions in Singapore and across APAC with practical, [risk-based compliance solutions](#) designed to help firms respond to evolving MAS expectations. Our team can assist with:

- Third-party risk framework reviews
- Gap assessments against proposed MAS requirements
- Policy and procedure enhancements
- Vendor governance and register reviews
- Due diligence and monitoring frameworks
- Broader operational risk and compliance programme support.

If you would like to discuss the topics raised in this article or learn more about how Waystone's [APAC Compliance Solutions](#) team can help you meet MAS regulatory requirements, please reach out to your usual Waystone representative or contact us below.

[Get in touch →](#)